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U.S. Cotton Market in Britain

Australia Spurs Oilseed Output

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This week's cover:

Air view of part of the waterfront at Liverpool, England—a world cotton import center. For U.S. cotton's position in the dwindling British market, see story beginning this page. (Photo by permission of © Cotton International 1969.)

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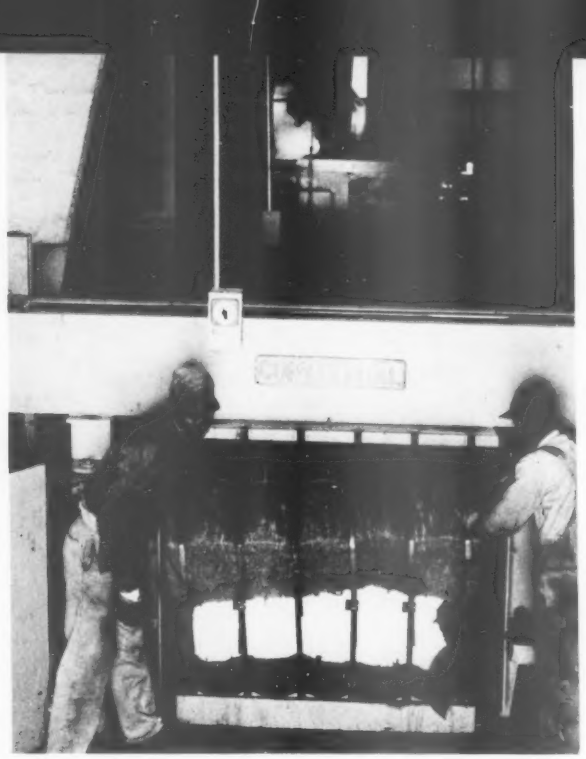

What Has Happened To the U.S. Cotton Market in Britain?

By
ROBERT B. EVANS

Cotton Division
Foreign Agricultural Service

British imports of U.S. cotton are expected to rebound somewhat this season from the long-time low of 48,000 bales which they hit in 1969–70. That was the smallest quantity of U.S. cotton imported by the United Kingdom in more than a hundred years.

Expectations are that between 80,000 and 90,000 bales of U.S. cotton will enter Britain by the end of this month. This improvement, however, cannot disguise what has happened to our cotton market there in the past 20 years, particularly the past 10: it has suffered a near catastrophic decline.

The British imported an average of 466,000 bales of U.S. cotton annually during 1950–54; but their takings fell off to an average of 286,000 bales for

1960–64 and to 138,000 bales in 1967–68. That was the last season in which the United States was the leading supplier; the next season, when its shipments slumped to 61,000 bales, it lost that position to Colombia.

A considerable part of the responsibility for this decline can be laid at the door of the British textile industry itself for it uses much less cotton than formerly. Britain's total raw cotton imports have fallen from an average 1.7 million bales in 1950–54 to 1.1 million in 1960–64 and to 743,000 in the past season. (This season, imports have run 7 or 8 percent ahead of a year ago, but this reflects some building up of stocks from last season's low level, rather than an increase in consumption.)

Yet the fact is inescapable that U.S. cotton's share of the much-shrunken British market was only 7 percent last season, compared with an average of around 27 percent for both the early 1950's and the early 1960's.

The major reason generally cited by the British trade for this U.S. loss is the inflexibility of U.S. cotton prices, coupled with short supplies. Another reason is the multitude of competing growths, offering wide variety in quality and price. But a third reason, which goes straight to the heart of the total British decline in raw cotton imports, is the changing state of the British textile economy.

Not only have there been complex shifts in British textile consumption that have worked to cotton's disadvantage, but there has been an increasingly heavy flow of cotton textile imports into the United Kingdom, displacing domestic production and thus discouraging raw cotton use. In recent years, nearly half of the cotton cloth used has been imported.

Price the main U.S. problem. Our Commodity Credit Corporation price support and reselling prices have often in recent years acted as a rigid floor under U.S. cotton prices. Meanwhile, other growths have in general sold on a free supply-and-demand basis with rapid adjustments to market realities. Their prices characteristically fall to the level at which buyers pick up all the cotton offered.

Some of the cotton merchants in Liverpool say they prefer to handle other growths in preference to U.S. cotton, for the simple reason that they can make more money on them. Closely associated with the price situation recently have been supply shortages. Merchants say that more U.S. cotton could in fact be sold if it were available.

Price competition from manmade fibers is another problem for U.S. cotton in Britain. The price of viscose rayon staple was only 23 cents per pound during 1968 and 1969, though it was raised in 1970—to 25 cents in April, 27 cents in July, and 28 cents in September, where it remained. Branded polyester fiber has had a list price of 62 cents since 1968; but unbranded fiber declined from 46 cents in early 1970 to 37.8 cents in August. These prices compare with a current price (June 1971) for U.S. Strict Middling 1-1/16-inch cotton of 33.48 cents per pound, net, c.i.f. Liverpool.

U.S. quality uneven. The complaints formerly heard that the quality of U.S. cotton had been ruined by machine picking and overheated ginning have largely died down. Some buyers complain of quality variation in U.S. shipments; and some now say that they have had little recent experience with U.S. cotton.

Cotton shipments from other countries usually come from much smaller areas of growth than shipments from the United States, so there is less chance of variation in quality. From the viewpoint of reliability, however, merchants in Liverpool rate U.S. shippers generally quite high.

Many competitors. U.S. cotton competes with many other growths in the British market. In fact, the United Kingdom purchases cotton from a larger number of producing countries than any other market in the world—more than 45, some supplying as little as 100 or 200 bales a year.

This situation no doubt arises from the varied requirements of the British textile industry, from firms' loyalty to particular growths, and above all from the fact that the Liverpool cotton market is well equipped to handle all kinds of cotton. It has experience, technical competence, and connections throughout the cotton-growing world.

The United States has not been the only loser during the 1960's. Mexico, Central America, Peru, the United Arab Republic, Sudan, Iran, and Pakistan also lost sales, though not to the same extent. Brazil, Turkey; and some African countries were able to maintain sales; Colombia stood out as the only large gainer. Purchases from the USSR, although ahead of those in the early 1960's, have declined during the last 2 or 3 years.

All growths of cotton come into the United Kingdom on a duty-free, no-quota basis, and there is nothing to suggest that British mills buy Commonwealth cotton in preference to other growths. Certain other factors, however, have aided U.S. competitors.

For example, the largest mill combine in England made a bulk contract with the Colombian cotton cooperative, under which Colombia became the largest U.K. cotton supplier in 1968–69 and 1969–70. (Some disappointment developed last season, however, over weather damage and other quality problems.) Also, at least some Soviet cotton sales have taken place under an informal understanding involving Soviet purchases of British machinery for manufacturing manmade fibers.

Cotton losing to manmade fibers. Looking backward over the past 50 years, the Textile Council of Great Britain points out that the cotton textile industry has suffered a decline the magnitude of which is without parallel in British industry. In 1912, it had a labor force of 710,000; by 1969, only 122,000. Its spinning spindles (ring equivalent) have dwindled from 40 million to 3.6 million; its looms, from 790,000 to 77,000.

Left, above, U.S. cotton leaves press, at gin. Below, Glasgow firm treats cotton yarn for knitting by using new low-temperature liquid ammonia process.

The Council expects the number of British spinning mills to decrease from 119 in 1970 to between 60 and 70 in 1975, and the number of weaving units, from 345 to between 140 and 150. Meanwhile, the industry has become much more concentrated: the 10 largest firms now control 60 percent of the spindles, and a large share of these are owned or controlled by producers of manmade fibers.

For example, the world's largest producer of rayon, Courtauld's, is also by far the largest factor in the British textile industry, owning one-fourth of the country's spindles and at least one-third of the warp knitting industry. This company is the source of practically all the cellulosic fiber (rayon and acetate) in the United Kingdom and also produces some noncellulosics (such as polyester and nylon). Yet it is reported to buy around 300,000 bales of cotton annually, or more than one-third of Britain's cotton imports. It also owns a leading U.S. cotton producing and breeding firm.

During the 1960's, the per capita final consumption of textile fibers in the United Kingdom had been following a moderate upward trend, with the average for 1967–69 about 20 percent higher than that for 1960–64. The per capita consumption of cotton textiles, however, remained unchanged during the decade, and that of wool textiles declined. That of cellulosic textiles, on the other hand, increased moderately, while that of noncellulosics nearly quadrupled.

According to a comprehensive study published by the Textile Council in 1969, Britain's market for textiles will continue to grow. The Council predicts that British spending for textiles will rise by 30 percent from 1967 to 1975. In quantity of textile fiber consumed, on the other hand, the Council expects only a 16-percent rise, because of trends toward lighter weight and smaller garments, price increase, and the greater durability of manmade fibers.

Fewer woven textiles, more knits. The share of woven textiles in the total U.K. market is on the way down, and that of knit goods is rising. This is of some concern to cotton interests, for relatively little cotton has been used in

(*Continued on page 16*)

IMPORTS OF COTTON INTO THE UNITED KINGDOM

Country or area of origin	Year beginning Aug. 1					1970
	Average 1960-64	1966	1967	1968	1969	Aug.-Apr.
	1000 bales[1]	*1000 bales*[1]	*1000 bales*[1]	*1000 bales*[1]	*1000 bales*[1]	*1000 bales*[1]
United States	286	168	138	61	48	82
Mexico	27	15	8	21	8	0
Central America[2]	33	20	21	22	12	3
Colombia	26	27	76	121	127	53
Peru	60	40	25	30	27	21
Brazil	77	50	41	77	71	13
Other America[3]	26	14	8	1	8	17
U.A.R.	29	25	31	19	5	17
Sudan	104	49	84	60	78	53
East Africa	16	39	34	27	26	24
Other Africa[4]	68	63	65	50	61	38
Turkey	103	125	106	97	107	91
Iran	81	37	45	26	42	34
Pakistan	29	22	71	61	11	5
Other Asia[5]	39	31	31	10	32	46
USSR	24	86	67	53	41	20
All other	34	21	51	42	39	62
Total	1,062	832	902	778	743	579

[1] 480 lb. net.
[2] Nicaragua, Guatemala, El Salvador.
[3] British West Indies, Argentina, Paraguay.
[4] Cameroon, Central African Republic, Chad, Congo, Ivory Coast, Malawi, Nigeria, South Africa, Togo.
[5] Afghanistan, Burma, India, Iraq, Israel, Yemen, Syria.

Greece Begins N

For Feedgrains a

By JAMES C. FRINK
U.S. Agricultural Attaché
Athens

Greece, plagued by surpluses in the grains sector and deficiencies in livestock and dairy production, is zeroing in on these two areas with plans for reform.

The Greek Government recently inaugurated a crash program designed to lift livestock and dairy production to a self-sufficiency level. The major objectives of the plan are to expand farmer income and drastically reduce the increasing outlay of foreign exchange for meat and dairy products which now totals over $125 million annually.

Although details are not complete concerning implementation, the plan calls for expansion of small farms and development of new large-scale units for both beef and dairy cattle, as well as increased production of hogs, sheep, and poultry to meet growing consumer demand.

Total red meat consumption increased from 266,000 metric tons in 1968 to 309,000 metric tons in 1970. During the same period domestic production rose from 180,000 metric tons to 202,000 tons and imports from 86,000 to 112,000 metric tons. The upward production trend has been partially due to an increase in hog meat, for which demand is limited because of consumer prejudice against pork.

On March 20, 1971 the Greek Government issued an authorization for the private importation of 8,500 bred heifers. Of the total, 2,800 Holstein-Friesian and 200 Brown Swiss were to be procured immediately and an additional 2,000 dairy cattle of undetermined breed as well as 3,500 head of beef cattle (1,500 purebreds and 2,000 improved crossbreeds) were scheduled for later importation.

The implementation of the program will be hampered by several major problems, including inadequate domestic supplies of good quality dairy and beef breeding stock; the low level of

s New Programs

s and Livestock

technical know-how at the grassroots level for large-scale farm operations; the high costs involved in developing good quality grazing land; and limited financing.

Another impediment could be the worldwide shortage of feeder cattle. Until 1970 Yugoslavia was a reliable source of feeder cattle for Greece. But with increased shipments of Yugoslav meat to the Common Market at reduced tariffs, feeders are no longer available for export at attractive prices. Feeder cattle prices are also high in other European countries and the transportation expense from overseas sources tends to make c.i.f. Greece prices prohibitive.

Progress in livestock expansion and improvement is being made, however. About a year ago Greece's first large-scale beef cattle farm was established in western Macedonia, with breeding stock supplied by the United States. Two shiploads comprising a total of about 1,000 head of Angus and Hereford cattle have been imported by this farm from the United States, and three additional shiploads may arrive later this year. It is now uncertain if delivery will be made.

A large percentage of the 1971 "crash program" purchases of bred dairy heifers have already been made. About one-half of the 1,000 head purchased in the United Kingdom and imports from Germany and Denmark have already arrived.

Several large modern slaughter and processing plants are in various stages of planning or development in Greece. These are essential to the development of the industry since those now available are not adequate to service a modern livestock industry.

The growing livestock population will be fed by an increasingly larger amount of domestically produced feedgrains. In recent years substantially increasing average yields and production of both feedgrains and wheat have reduced the grain deficit in Greece and the country is now burdened by surpluses of wheat and barley.

Wheat, left, is now being used in Greece for feed as well as food. Top, U.S. Herefords help to beef up the livestock industry. Above, a typical rural milk collection station.

The development and distribution of high-yielding corn hybrids and increased availability of irrigated land have contributed to a continuous upward trend in both average yields and total area planted to corn, and production is expected to continue at an increased level for the next few years.

Most of this projected increase will result from an expansion in planted area on newly irrigated land. The World Bank recently approved a loan providing for 2,200 irrigation wells to be installed in potentially productive agricultural lands in northern and central Greece.

A large portion of this newly irrigated land will be utilized for corn production, thus increasing the domestic corn supply significantly. The share of the crop planted to hybrid varieties already exceeds 85 percent.

In recent years wheat production has substantially exceeded domestic requirements for food and seed. Barley production, too, is surpassing the amounts normally utilized for feed, beef, and seed. The surpluses from these two grains are causing headaches for Government planners. Support prices on wheat and barley are maintained in order to sustain farm income. It is not possible to find alternative uses of farm land on a large enough scale to appreciably affect grain production, as the grains are grown mostly on nonirrigated land which is unproductive in summer and together they represent about one-third of the total area harvested annually (including nuts, grapes, fruit, olives, etc.).

However, in an effort to at least partially alleviate the surplus problem, last fall the Government began allocating wheat and barley for feed use at prices below the farm support levels. To the degree that these efforts are successful, the Government will be relieved of the necessity to subsidize exports of surpluses. Savings in foreign exchange will also be realized since feedgrain imports will shrink. U.S. corn exports to Greece, which amounted to 375,000 metric tons in 1969–70, fell by 50 percent in 1970–71 and may decline further in 1971–72 if efforts to increase livestock production are not successful.

TURKISH CANNERS EYE EXPORT MARKET FOR FUTURE SALES

By MUSTAFA BAŞER
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TURKEY's varied climate enables its farmers to produce a wide range of fruits and vegetables, but until recently exporting these products received little attention. Now, however, Turkey is attempting to change its overall trade pattern to export not only its traditional commodities—tobacco and cotton, to mention just two—but also to export other crops previously unexploited.

The Turkish Government has given top priority to the development of its fresh fruit and vegetable export trade, but it is also making great efforts to further develop its processed food industry, particularly the export end.

In order to promote exports of canned foods, the Turkish Government grants a 25–35 percent premium to exporters. This, together with the potential markets opened by Turkey's participation in the European Community, gives added incentive to Turkish canners.

Most existing Turkish canneries are small, however, and were established to supply domestic demand—not the export trade. But the low level of domestic consumption, on the other hand, has failed to stimulate industry growth.

Prices of canned products are high. Less than 5 percent of the Turkish population can afford to buy them, so consequently, 25–50 percent of the industry's capacity is unused. Development of a strong export trade in canned goods might help solve this problem.

Currently less than 0.2 percent of Turkey's fruits and vegetables are processed. Indications are, however, that the canning industry will show sizable development within the next few years. In fact, the tomato processing industry has expanded rapidly during the past 2 years.

Much of this growth is the result of direct or indirect investments in Turkish canning firms by foreign companies or by their Turkish affiliates. In addition, some of these international companies have entered into production or marketing arrangements with Turkish canneries.

History of the industry. The first large-scale canning company in Turkey was established in 1919.

In 1948 the Turkish canning industry received assistance under the Marshall Plan. The Industrial Development Bank also helped. But this assistance resulted in the establishment of few large-scale canneries. The emphasis was on small units devoted for the most part to the processing of tomato products.

Major strides were made after 1960 when newer equipment was installed in some factories and product lines were broadened. Shelves in Turkish markets began to offer canned natural fruit and vegetable juices, fish, various fruits, relishes, vegetables, and some convenience foods.

By 1970, the total number of processing plants had reached 70. Several others are under construction.

Most of Turkey's canning plants are located in the country's northwestern and western regions with the major capacity concentrated around Istanbul, the country's largest city and a major consumption center. In the past, canning plants were located near major markets instead of supply sources. In fact, some plants were built great distances from their sources of raw materials. Newer canneries, however, and those now under construction, are located close to the farms which supply them.

A wide variety. Most kinds of fruits and vegetables are grown in Turkey, with the exception of some tropical ones. The quality of most of these is generally high enough to permit processing, and Turkey has soil and climate suitable to produce even better varieties in some areas.

No reliable statistics are available on Turkish production of fruits and vegetables, but some sources indicate that over 5 million metric tons of fruits (mainly grapes, citrus, and apples) and about 4.5 million tons of vegetables (one-third of which are tomatoes) are produced. This total of more than 9.5 million tons is not inconsequential, but will have to be stepped up if Turkey is to compete for world markets with such countries as Italy.

Increased production of fruits and vegetables will probably result from the introduction of better production, harvest, and storage techniques and facili-

ties. Income from an enlarged export trade in canned foods may provide the incentive for Turkish farmers to boost output.

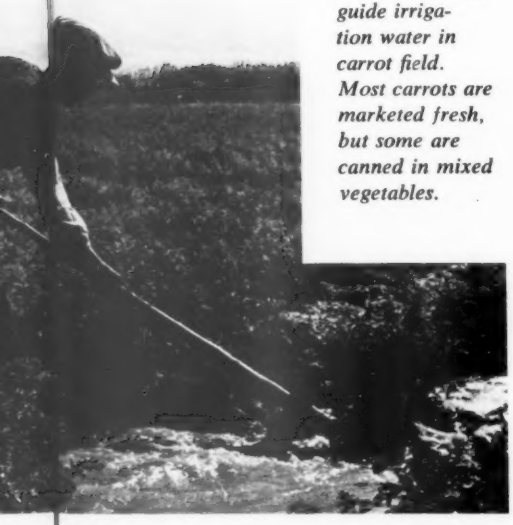
Such increased business may also enable Turkey to reduce the amount of wastage. Various reports indicate that about one-fourth of current production of fruits and vegetables is spoiled or wasted because of poor handling, improper storage, and limited export possibilities for fresh produce.

Although the fruit and vegetable processing industry should act as a stabilizer for the marketing of these products, it is only a miniscule user of fresh fruits and vegetables. The Turkish State Planning Organization (SPO) estimates that by 1972 the industry will take only 5,258 metric tons of fruit, or about 0.098 percent of the country's output.

The industry cans more vegetables than it does fruit, but even here it takes only a minor part of the crop. The SPO estimates that the 17,324 tons of vegetables to be canned in 1972 will represent only about 0.24 percent of total production.

Even the amount of tomatoes used by the processing industry, the most highly developed line, is only about 35,000 tons, about 2.5 percent of total Turkish output.

Canned products. Despite the relatively small size of the Turkish canning industry, the variety of canned products is increasing. The principal canned products are vegetables—mostly peas, beans, okra, and "türlü," which is a mixture of several vegetables. Several convenience meals are also available. These consist of various vegetables stuffed with rice and cooked with olive oil. One of the most popular is rice wrapped in grape leaves.



Turkish farmers guide irrigation water in carrot field. Most carrots are marketed fresh, but some are canned in mixed vegetables.

With the exception of a few single-line tomato processing plants, all of the canneries produce some of these products. Some also can fresh fish.

Fruit canning is not yet fully developed because prices of canned fruits cannot compete even with the prices of out-of-season fresh fruits.

The tomato-processing industry, at least for the present, is the only one able to compete in the international market on a big scale. This is because large foreign companies have made arrangements to meet a part of their requirements for tomato products by buying supplies from Turkey.

Turkey's advantages. At present, Italy and Portugal are major sources of canned tomato products in international trade. Increased costs of labor and raw materials in Italy, however, are encouraging production in other Mediterranean countries. For a number of reasons, Turkey may be able soon to compete on equal terms with Italy and Portugal, major tomato exporters.

Prices paid for tomatoes grown by Turkish farmers under contracts are lower than prices in Italy, and are about equal to prices paid in Portugal. Seasonal average prices paid to Turkish farmers in 1969 ranged between 1.5 cents per kilogram (2.2 pounds) to 1.7 cents per kilogram.

Figures for Italy and Portugal for the same year are not available; however, various reports indicate that in 1966, depending on the region and the time of harvest, prices in Italy ranged between 1.8 cents and 2.8 cents per kilogram. Prices in Portugal in 1967 were between 1.4 cents and 1.8 cents per kilogram.

These figures reflect the situation as it was several years ago and before the August 1970 devaluation of the Turkish currency, but they may indicate the competitive positions of the three countries at this time.

Turkish canners have recently started to organize producers to grow specific varieties of tomatoes under contract. This will probably give Turkey a more competitive edge once the practice becomes widespread.

Workers' wages in Turkey—compared to those of other countries—are low; however, their low productivity raises overall labor costs. Nevertheless, productivity may be increased by special employee training programs.

The biggest disadvantage faced by the Turkish canning industry is the high cost of its containers—almost three times more than in Italy. A chief reason is that all Turkish canners make their own cans with semiautomatic or hand-operated equipment.

Nearly all canners acknowledge the disadvantages of the present system, and recognize the technical and economical benefits of buying cans ready-made—if it can be done at a lower price. The limited capacity of the few Turkish can-manufacturing operations, however, makes it uneconomical to buy readymade cans at the present time. Lower priced cans will probably be available only after the canning industry grows larger.

Turkey used to import tinplate for cans but now produces its own. The quality is satisfactory but prices are higher than for imported plate. But, because the Turkish Government is placing special emphasis on exports of processed goods, it is conceivable that measures may be adopted in the future to reduce the cost of tinplate for export-oriented canneries.

At present, the cost of a can represents about 40 percent of the total cost of the finished product, while raw materials consume about 30 percent of the total, and labor is 3 percent. The remaining 27 percent goes into other manufacturing and administrative costs. In the case of canned fruit, sugar absorbs over 20 percent of the cost, but the raw-material cost—excluding sugar—drops to 25 percent.

Although the Turkish canning industry admits the existence of problems, it believes they are not insurmountable. Installation of newer equipment and the adoption of new canning techniques will enable it to expand the variety of items produced. With increased production the cost of cans will drop, and as workers are trained labor costs should in all likelihood fall.

Already canners recognize the value of the assistance being given them by large food companies. They prefer selling a product under the label of a known international food processor rather than to try to get a foothold in the market with new brand names.

Australia Near Se

In Oilseeds, Expo

Above, Australian farmers look at flax crop, a source of industrial linseed oil. Right, Art Linkletter, television personality (r.), examines a safflower plant on his Australian farm.

Australia, traditionally a market for major U.S. vegetable oil and oilseed exports, may soon reach self-sufficiency in a number of oilseeds and have export availabilities of others. Unusually high world market prices for oilseeds and edible oils and the availability of land diverted from wheat resulted in increased Australian oilseed production in 1971.

Record crops of rapeseed, sunflowerseed, and soybeans, forecast for 1972, will likely result in declining U.S. oil exports to that market this fiscal year and increased competition from Australian oilseeds in the lucrative Japanese market. U.S. oilseed and product exports to Australia in fiscal 1970–71—mainly soybeans and products, cottonseed, peanut, and safflower oils—were valued at close to $9 million.

Although three successive winter drought seasons in Queensland and northern New South Wales held 1970 production of winter oilseeds in these areas at relatively low levels, more favorable weather in regions to the south helped offset this situation. Thus, overall safflower and rapeseed output was well above that of the previous year, with a portion of the rapeseed crop being exported to Japan.

Weather conditions were much better for the summer oilseed crop. Record areas planted to peanuts, sunflowers, and soybeans resulted in increased production of these crops. A substantial portion of this year's sunflowerseed will be exported to Japan, as supplies are in excess of domestic requirements and current export prices are above those offered by local crushers. Cotton production was affected by floods in northeastern New South Wales, and cottonseed output will be at its lowest level in some years. However, with the increased availability of sunflowerseed oil, there probably will be only a slight demand for imported cottonseed oil.

Australia's total edible soft oil production during 1971 is expected to approximate 50,000 long tons, of which sunflower and rapeseed oil will provide about 30,000 tons. In addition, Australia will produce about 12,000 tons of linseed oil and about 16,000 tons of coconut oil. Imports of vegetable oils during 1970–71 were still fairly high, with soybean oil and safflower oil accounting for about 13,750 long tons. However, complete self-sufficiency may be achieved within the next few years if weather conditions are reasonably good.

The tremendous expansion in Australian **sunflowerseed** production has resulted from an excellent planting season and wheat production restrictions, as well as active promotion by oil crushers. The introduction of short-stemmed, high-oil-content Russian varieties has made the crop more attractive to growers and crushers alike, as most farm operations can be handled with wheat-growing equipment.

Total Australian sunflowerseed production during the 1970–71 season is estimated at 82,500 long tons from 271,500 acres, compared with 16,802 tons from 55,872 acres a year earlier. It is anticipated that about 15,000 tons will be exported, with the buoyant Japanese market giving additional impetus to sunflower production. Two new organizations have been established this year for the sole purpose of contracting oilseed production—mainly rapeseed and sunflowerseed—for export to Japan.

The amount of sunflowerseed used for crushing in 1970–71 increased nearly fivefold over the 1969–70 level, and Australian sunflowerseed oil production is estimated at 8,800 long tons this season. It is expected that sunflowerseed oil will replace a substantial volume of soybean oil in Australia's industrial usage.

A strong demand for **rapeseed** in export markets, combined with the suitability of this crop to former wheat growing areas, has brought about the rapid rise in Australia's rapeseed output. Acreage expansion was first encouraged by local processors, but as world market prices increased in recent months it became clear that a large portion of the seed would be exported.

Total Australian production of rapeseed during 1970–71 is estimated at 42,500 long tons from a planted area of 145,000 acres. This is nearly a tenfold increase from the 4,900 tons harvested in 1969–70.

Rapeseed oil production during 1970–71 amounted to an estimated 4,769 tons, compared with 128 tons in 1968–69 and 1,117 tons in 1969–70. A significant portion of the crop will be exported to Japan, as demand is strong and export prices are somewhat higher than the guaranteed domestic contract price.

The outlook for the 1971–72 season is for a further expansion in rapeseed production. Planted area in New South Wales is expected to increase from 58,000 to 200,000 acres, and in Western Australia from 14,000 to 100,000 acres. Large areas of former wheat land are available for planting, and many growers are seeking alternative or additional farm income from rapeseed.

Australia's **safflowerseed** production, although burdened by adverse weather conditions in Queensland and New South Wales, increased from 4,320 long tons in 1969–70 to 12,500 tons in 1970–71. However, production was still well below the level of 1967–68, when weather was more favorable in major producing areas.

Imports of safflowerseed oil in 1970–71, which increased sharply following the small 1969–70 crop, are now estimated at about 7,000 tons. However, despite the low harvest this year, domestic crushers are not expected to import large quantities of safflower seed in 1971–72. Instead, some of the shortfall will be offset by increased sunflowerseed output, since sunflowerseed oil is readily substitutable in

r Self-Sufficiency

Export Capability

the polyunsaturated products and nonyellowing industrial oil usages which normally rely on safflowerseed oil.

If weather conditions are favorable, the outlook for safflower production for the coming season is much more promising. A record acreage could be planted in Queensland and New South Wales. Crushers have indicated to grower organizations that they will accept unlimited quantities of seed this season, while bonus payments have been offered for seed exceeding a minimum oil content.

The introduction of new **soybean** varieties in recent years and increased research by State Departments of Agriculture are beginning to yield dividends for Australia's producers of this crop. Although high production costs keep its soybeans out of the export market, Australia is expected to reach self-sufficiency in both soybean oil and meal within a few years.

Soybean production is estimated at 11,500 long tons in 1970–71, more than double the output of a year earlier. Imports of soybeans also have increased —from 700 long tons in 1969–70 to about 11,370 tons in 1970–71. With the larger supply of soybeans, from both domestic and foreign sources, Australia's 1970–71 oil production is expected to reach a record 2,300 tons. Although 1970–71 oil imports will still be fairly high at about 7,000 tons, a sharp decline in oil imports may be expected in 1971–72. Soybean oil imports during the past year have been mainly from the United States and Japan, while soybean imports have virtually all come from the United States. Australia also imports substantial quantities of soybean oil cake, primarily from the United States.

Cottonseed output in Australia has trended downward in the past few years, as cotton production has declined. In 1970–71, cottonseed production is estimated at 40,658 long tons, compared with 49,302 tons a year earlier. Almost all the output will be crushed for domestic consumption, and end users will probably cover most of the shortfall by switching to more plentiful rapeseed and sunflowerseed oils.

The 1970–71 Australian **peanut** harvest of 47,226 short tons indicates a sharp recovery from the drought-affected crop of 18,738 tons a year earlier. The area harvested in 1970–71 was 87,700 acres, compared with 79,075 acres in 1969–70. As a result of the large crop, Australian supplies of peanuts were adequate for all local requirements except oil.

Peanut production is likely to expand further next year, partly because of the change in oil import arrangements as of July 1, 1971. Whereas in the past end users could import 2 gallons of peanut oil free of duty for every gallon of oil purchased locally, the requirement is now reduced to 1 gallon for 1. And after July 1, 1972, no peanut oil will enter duty free. Thus, the opportunity for the United States to supply peanuts to Australia will only occur again in exceptional drought years.

Peanut oil production increased somewhat in 1970–71, while imports dropped to about 8 million pounds—only about half their 1969–70 level. Consumption of peanut oil is expected to decline in the next few years, as all imports become dutiable, with sunflowerseed and rapeseed oil the major beneficiaries.

Flaxseed production during the 1970–71 season was plagued by unfavorable weather and suffered a decline to 26,850 long tons from 36,053 tons in 1960–70. Despite the smaller crop, however, imports of linseed are not likely since a high carryover of both seed and oil from the previous year will permit the industry to meet domestic requirements. Increased competition from other substitutes has resulted in declining linseed prices, and demand is expected to drop in the future.

The prospect of continued restrictions on Australia's wheat production and a relatively unfavorable outlook for winter feedgrains indicate a continuing upsurge of interest in oilseeds as alternative crops. Rapeseed and sunflowerseed will be the most popular crops, as they meet a ready demand at good prices on both the domestic and export markets.

The expansion of sunflowerseed production is likely to affect U.S. exports of soybean oil to Australia in the next 2 years, and may even result in a total loss of this market. With sunflowerseed oil readily substitutable for soybean and safflowerseed oils in industrial and edible uses, end users will probably gear their operations increasingly to the use of this oil. Expected expansion in safflowerseed production will also close the market to U.S. safflowerseed and oil next year.

—Based on dispatch from the *Office of U.S. Agricultural Attaché, Canberra*

Ceylon To Increase Production Of Major Export Crops and Rice

By 1975, Ceylon's output of principal agricultural export crops—tea, rubber, and coconuts—should be up appreciably, according to a study by the Organization for Economic Cooperation and Development (OECD).[1] Production of rice, Ceylon's major nonexport crop, should also be up.

Ceylon, producing 20 percent of the world's tea and second only to India in tea output, should be able to meet the OECD tea production targets with much less acreage than presently used, if better varieties are planted.

Ceylon rice paddy illustrates the beneficial effect of fertilizer in increasing yields. (Photo: FAO)

The same is true of rubber, second most important export crop, but far behind tea in export value. Ceylon sells a considerable amount of its rubber to China, the USSR, and East European countries.

Tea and rubber are grown in southwest and central Ceylon, often on company-owned estates and to some extent on land unsuitable for paddy cultivation. Output of these crops is almost entirely exported, and this trade as well as the supply of inputs for these crops is in private hands. Rubber production is expected to grow relatively fast as replanted areas come into production.

Coconut output, however, is not expected to grow rapidly. OECD recommends that this crop receive more attention in the form of larger acreage, encouragement of replanting, and fertilizer use. Since present domestic consumption of about 50 percent of output is expected to rise quickly, the share of total output available for export will gradually decrease.

Coconut land is company owned to a much lesser extent than tea and rubber land. Although grown mainly in the same areas as tea and rubber, coconuts are also grown on a small scale in other parts of the country—around a village's water supply, or where possible, in a farmer's garden.

Rice is Ceylon's major peasant-grown crop. Since expansion of paddy area during 1960-67 proved to be less satisfactory as a means of increasing production than did raising yields, the 1975 production target places more emphasis on yield and less on acreage. Crop diversification is being encouraged by OECD to prevent paddy from monopolizing irrigable land.

Also recommended is self-sufficiency by 1975 in animal products, a goal OECD feels can be achieved with only a negligible increase in acreage. The Government generally assumes that, except for poultry and egg production, the present rate of increase in the animal population can keep pace with greater demand if imports are made to improve the quality of the stock. The greatest rise in livestock numbers will be to increase milk output and produce substitutes for certain milk-product imports.

Self-sufficiency is a 1975 goal for chilies, onions, and maize, as well, but for sugar, potatoes, and pulses, production increases should proceed relatively slowly, according to the study. For all these crops, emphasis should be on expanding acreage rather than yield.

Considerable improvement in the bal-

[1] Agriculture in Ceylon Until 1975, *by P. Richards and E. Stoutjesdijk, Development Center, OECD, Paris, 1970.*

"Informal" Trade A

The "informal arrangement" governing world trade in raw sisal and henequen fiber which collapsed in early 1970 was reactivated by the Food and Agriculture Organization's Hard Fiber Study Group in early May.

The revitalized agreement—of interest to the United States, which is the world's largest market for these fibers—provides a global quota of 605,000 metric tons for 1971. This is higher than the previous quota but still lower than total exports recorded in any recent year except 1969. The increment is almost wholly reflected in an increased quota for Brazil.

An arrangement to regulate trade in these products was originally launched in September 1967. Designed to raise and to stabilize raw fiber prices, it provided for a global export quota keyed to total estimated requirements of the importing countries, and agreed upon among fiber-producing countries. (See *Foreign Agriculture*, February 8, 1971.) The global quota was divided among various producers, the largest being Tanzania, Brazil, Mexico, Angola, Kenya, Mozambique, and the Malagasy Republic, in that order.

The trade agreement remained "informal" in that it did not require ratification by participating governments and was not binding on them. This avoided the delay and uncertainties involved in formal procedures and permited flexibility and rapid response to changing market conditions. However, various fiber-

ance of payments can be expected from these output targets and the programs planned. Export crops are expected to rise in value while imports of food are expected to fall.

In addition to specific 1975 production targets for Ceylon, OECD recommends that the Government play a bigger role in introducing new crops with good export prospects. For example, introduction of the oil palm has long been recommended, but only recently has action been taken.

The traditional sector needs attention as well, according to the study. When self-sufficiency is achieved, the Government will have to switch from its present heavy reliance on subsidies and price supports to encouragement of diversification of peasant farming. This should cause domestic agriculture to grow twice as fast as agriculture for the export market.

A careful cost-benefit analysis of land use is also recommended, since land ready for cultivation without large irrigation expenditures is scarce in Ceylon. Already much rubber land is unused, and the need for new export crops and replacements for small-holding crops is extremely urgent.

Tea picker, a descendant of the Tamil laborers brought many years ago from Southern India, in the Aberdeen Valley of Ceylon. (Photo: World Bank)

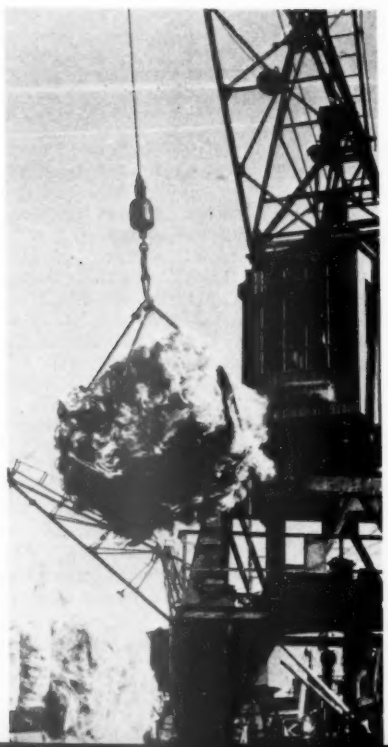
le Arrangement for Sisal and Henequen Is Revived

producing countries did take formal actions to insure their own compliance. The United States maintained a neutral attitude toward the arrangement since its trade interests were not involved.

The prices hoped for by producing countries—in the range of 9.1 cents per pound for East African Rejects, c.i.f., Europe—were never reached. However, prices did advance to 7.8 cents per pound in December 1968.

Failure to attain the higher price objective was attributed to an excessively large global quota of 640,000 tons (including the raw fiber equivalent of manufactured goods) and in April 1969 the global quota was reduced to 581,000 tons. At the same time, a minimum price of 7.8 cents was adopted for East African Rejects, the most important grade, with differentials fixed for Brazilian and Mexican fiber.

Brazilian sisal being cut in the field (above) and loaded for export (left).



A notable achievement of the arrangement was a high degree of price stability, particularly for the most important grade, from late 1968. Prices of higher grades were less stable, yet they did respond favorably to actions taken by the Study Group.

Producing countries, except for the two smallest, kept within their quota during 1968. However, continued excess production in 1969 and increased stocks strengthened pressures on exporters to evade quota restrictions and, in some instances, to disregard the minimum selling prices. The global quota for 1969 was surpassed by about 6 percent with overshipments by several producers, notably Brazil.

An additional source of dissension was increased exports of manufactured goods by fiber-producing countries, some of which greatly increased their exports between 1965 and 1970. The ability of spinners in these countries to buy raw fiber at prices below the agreed minimum, coupled with lower labor costs, permitted them to export finished products at low prices. This created sharp competition with foreign spinners, mainly in Western Europe, who provide the main market for raw fiber.

At a meeting in February 1970, producers failed to reach any firm agreement as to allocation of the global quota among themselves. Shortly thereafter, Kenya, which until then had fully complied with the arrangement, openly disavowed it and other producers followed. The arrangement became inoperative and prices dropped to postwar lows.

Heavy sales during the rest of 1970 reduced stocks while drought in the important growing areas in early 1971 lowered the probability of an unmanageable imbalance between supply and demand. By May prices had recovered to the approximate minimum previously envisaged under the arrangement.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 21	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	1.94	−1	1.95
USSR SKS-14	1.88	−4	(1)
Australian FAQ	1.78	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+1	1.90
15 percent	1.96	+2	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.84	0	1.78
No. 3 Hard Amber Durum	1.80	0	1.84
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.74	−2	1.67
Feedgrains:			
U.S. No. 3 Yellow corn	1.65	−3	1.67
Argentine Plate corn	1.79	−4	1.77
U.S. No. 2 sorghum	1.57	−4	1.48
Argentine-Granifero sorghum	1.58	−5	1.52
U.S. No. 3 Feed barley	1.22	−6	1.12
Soybeans:			
U.S. No. 2 Yellow	3.76	+2	3.36
EC import levies:			
Wheat	1.41	0	1.40
Corn [2]	.81	0	.69
Sorghum [2]	.90	+2	.78

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Livestock and Meat Products

U.S. Trade in Livestock Products Up in May

The value of livestock, meat, and meat product exports in May, at $54 million, was up almost 3 percent from the same month a year ago. Greater exports of variety meats and live cattle were responsible for the increase. Imports, valued at $103 million, were up 10 percent, owing primarily to greater imports of boneless beef at higher per unit values.

Variety meat exports totaled 22 million pounds in May—up 7 percent from a year ago. Larger shipments of pork livers to West Germany and beef offals (primarily livers) to France accounted for the increase.

Live cattle exports at 4,500 head were more than double their year-earlier level; and, averaging about $450 per head, they were up nearly 10 percent in value. Most of the increase in volume came from greater shipments of live cattle to Canada, both for slaughter and for breeding.

Exports of inedible tallow at 183 million pounds were down nearly 10 percent from a year ago because decreased shipments to Japan were not fully offset by increased shipments to South America and the European Community. Exports to Japan fell to 7 million pounds in May compared with 48 million in May of last year.

A new development in U.S. inedible tallow exports has been the growth of shipments to Argentina because of reduced cattle slaughter in that country. These shipments began in February when almost 4 million pounds were exported; 6 million pounds were exported in March and April; and shipments in May grew to 10 million pounds.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS [1]

Commodity	May		January-May	
	1970	1971	1970	1971
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	29,856	30,943	142,674	164,013
Tallow and greases:				
Inedible	201,879	183,153	902,918	1,122,969
Edible	346	395	7,767	4,987
Meats:				
Beef and veal	2,842	3,434	12,137	18,710
Pork	3,576	4,280	17,811	17,680
Goat, lamb, and mutton	82	124	393	687
Sausages	268	372	1,596	1,639
Meat specialties	379	316	1,665	1,365
Other canned	643	751	3,374	3,100
Total red meats [2]	7,795	9,278	36,976	43,180
Variety meats	22,408	23,929	88,933	115,719
Sausage casings (animal origin)	1,127	1,139	5,203	5,658
Animal hair, incl. mohair	2,655	2,181	6,842	7,164
Hides and skins:				
Cattle parts	1,289	4,145	5,768	12,368
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,251	1,304	6,611	6,613
Calf	95	211	423	936
Kip	12	47	103	114
Sheep and lamb	400	621	1,467	2,322
Horse	10	8	64	62
Goat and kid	17	30	111	199
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	2,165	4,527	13,733	60,437
Sheep, lambs, and goats	11,972	27,466	52,176	90,110
Hogs	739	1,387	7,012	9,720
Horses, asses, mules, and burros	872	1,238	33,354	4,899

[1] Preliminary. [2] Totals have been computed from unrounded data. Bureau of the Census.

Exports of sheep, lambs, and goats in May totaled 27,500 head—more than double their level of a year ago. Most of the increase came from greater shipments to Mexico beginning in March when 10,000 head were exported. Deliveries increased in April to 24,000 head but declined slightly in May to 22,000. During 1970, U.S. exports of sheep, lambs, and goats to Mexico totaled 52,000 head.

Greater boneless beef imports at higher per unit values accounted for most of the 10-percent gain in the value of livestock imports. Boneless beef imports in May totaled 69 million pounds—up 25 percent from a year ago; and their per unit value increased from 51 cents per pound to 54. Arrivals from Australia, which totaled 31 million pounds compared with 18 million last year, accounted for the increase in volume.

Imports of prepared beef items totaled more than 3 million pounds in May. Of the total imported, Honduras supplied 40 percent, Nicaragua 25 percent, and Guatemala 16 percent.

Live cattle imports in May at 82,000 head were only half the number in May 1970. Live cattle imports during the first 5 months of 1970 were abnormally high owing to the importation of around 300,000 head of feeder cattle from Mexico because of drought conditions in the northern States of that country.

U.S. IMPORTS OF MEAT AND SELECTED LIVESTOCK PRODUCTS [1]

Commodity	May		January-May	
	1970	1971	1970	1971
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh, chilled, or frozen:				
Bone-in-beef	2,104	1,403	11,992	7,535
Boneless beef	55,334	69,161	441,668	373,507
Prepared items	1,278	3,417	3,933	20,076
Veal	2,174	2,059	10,480	7,978
Prepared or preserved:				
Canned:				
Corned	4,187	5,185	36,698	21,140
Other	2,716	2,387	11,315	9,530
Other	4,409	5,037	24,702	19,103
Sausage	14	248	92	1,164
Total beef and veal [2]	72,216	88,897	540,875	460,032
Pork:				
Fresh, chilled or frozen	5,115	5,230	23,243	25,761
Canned:				
Hams and shoulders	20,146	23,501	106,229	114,938
Other	3,372	2,071	14,016	9,703
Cured	361	251	2,309	1,807
Sausage	222	184	1,420	1,434
Total pork [2]	29,217	31,237	147,218	153,642
Mutton and goat	2,453	4,155	23,822	10,789
Lamb	3,206	3,450	18,524	23,765
Sausage, mixed	797	720	4,595	3,609
Other meats	1,200	1,398	8,121	6,582
Total red meats [2]	109,090	129,857	743,153	658,689
Variety meats	747	364	3,939	3,238
Edible and inedible tallow and grease	733	611	2,979	3,526
Meat extract	138	79	405	380
Wool (clean basis):				
Dutiable	7,049	5,230	43,080	24,854
Duty-free	4,259	6,273	27,224	30,262
Total wool [2]	11,306	11,502	70,303	55,116
Animal hair (clean basis)	347	252	1,290	1,021
Hides and skins:				
Cattle parts	441	154	624	813
Sheep skins pickled and split.	932	927	5,396	3,106
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	76	33	162	132
Calf and kip	41	17	238	114
Buffalo	28	33	97	83
Sheep and lamb	2,450	1,670	9,917	10,520
Goat and kid	316	170	2,433	926
Horse	15	16	76	87
Pig	49	40	457	110
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle	162,670	82,006	577,020	432,642
Sheep	279	893	1,748	3,102
Hogs	6,585	5,786	19,017	27,197
Horses, asses, mules, and burros	294	333	1,178	1,487

[1] Preliminary. [2] Totals have been computed from unrounded data. Bureau of the Census.

Fats, Oils, and Oilseeds

U.S. Soybeans, May Exports

Soybean exports in May, at 30.2 million bushels, declined 17 percent, or 6.2 million bushels, from the quantity exported in May 1970. September-May exports fell to 332 million bushels, 4.5 million less than were shipped in the same months last year.

A sharp decline of 17.4 million bushels to Canada was not offset by increased exports to West Germany, France, Denmark, and Japan. The decline in exports to Canada, however,

U.S. EXPORTS OF SOYBEANS

Country of destination	May		September-May	
	1970 [1]	1971 [1]	1969-70 [1]	1970-71 [1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
Belgium-Luxembourg	0.6	0.4	15.2	11.7
France	.5	1.4	3.4	9.9
Germany, West	2.0	5.0	29.8	40.8
Italy	3.8	1.9	24.6	21.0
Netherlands	4.1	3.3	48.7	43.4
Total EC [2]	11.0	11.9	121.8	126.8
Japan	7.9	6.5	73.3	77.3
Spain	1.6	.8	30.9	30.6
Canada	9.9	4.5	46.0	28.6
Denmark	1.0	1.6	14.2	16.2
China, Taiwan	2.2	.5	16.5	15.3
Israel	0	2.7	7.2	11.0
Norway	.2	.7	4.1	5.9
United Kingdom	.1	.3	7.2	5.4
Poland	.6	.3	4.9	3.1
Mexico	1.6	.1	4.0	2.2
Venezuela	.1	0	1.5	1.9
Korea, Republic	0	0	1.0	1.2
Hungary	0	0	.5	1.2
Yugoslavia	0	0	0	1.1
Singapore	.2	0	.9	1.0
Others	([3])	.2	2.6	3.2
Total [2]	36.4	30.2	336.5	332.0
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Oil equivalent	399.7	331.4	3,694.7	3,645.8
	1,000 short tons	*1,000 short tons*	*1,000 stort tons*	*1,000 short tons*
Meal equivalent	855.4	709.3	7,907.6	7,803.0

[1] Preliminary. [2] Totals computed from unrounded data. [3] Less than 50,000 bushels. Bureau of the Census.

does not necessarily reflect decreased quantities retained for consumption, since exports to Canada include a substantial volume of soybeans for transshipment to other destinations unknown at the time of shipment.

Exports to the European Community, up 5 million bushels to 126.8 million bushels, accounted for 38 percent of total exports during the September-May period.

U.S. Oilcakes and Meal, May Exports

Soybean meal exports in May totaled 342,300 tons, an increase of 37,400 tons from the exports of May 1970. October-May exports reached 2.96 million tons, a gain of 8 percent, or 224,500 tons, from the total exported through May a year ago. The European Community received about half of the increase.

Exports to the EC in October-May rose to 1.94 million tons, 110,000 more than a year ago, and now account for two-thirds of the soybean meal exported. Although less soybean meal was taken by West Germany compared with exports in the same months last year, the total exceeded 620,000 tons and remained the largest quantity shipped to any destination. France became the second largest market for U.S. soybean meal, followed by the Netherlands, Belgium, and Italy.

Larger quantities of soybean meal were also taken by the United Kingdom, Denmark, and Mexico. Heavier shipments to Yugoslavia and Czechoslovakia brought the total soybean meal exported to Eastern Europe to 360,800 tons, an increase of 5 percent from the total exported through May 1970.

U.S. EXPORTS OF CAKES AND MEALS

Item and country of destination	May		October-May	
	1970[1]	1971[1]	1969-70[1]	1970-71[1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Soybeans:				
Belgium-Luxembourg	10.2	30.2	134.4	207.8
France	47.5	41.0	414.9	478.6
Germany, West	60.0	63.3	648.8	623.1
Italy	33.0	20.2	225.8	204.4
Netherlands	46.1	60.1	409.2	426.7
Total EC[2]	196.8	214.7	1,833.1	1,940.7
Canada	27.9	17.7	181.4	162.3
Yugoslavia	10.4	31.4	114.7	142.0
Hungary	11.8	.1	109.2	77.7
United Kingdom	3.9	12.0	29.4	76.0
Mexico	.4	13.3	1.3	74.0
Denmark	0	7.2	29.0	62.3
Poland	0	10.8	84.6	55.7
Czechoslovakia	0	0	5.6	52.5
Switzerland	18.9	3.3	70.5	41.7
Philippines	2.5	4.0	28.5	40.7
Ireland	0	5.8	30.8	36.3
Bulgaria	9.5	0	30.4	32.9
Korea, Republic	1.6	4.9	6.7	26.1
Australia	4.2	2.0	24.0	22.6
Vietnam, South	0	2.9	.1	15.6
Lebanon	0	0	14.7	14.1
Portugal	0	0	7.6	9.2
Others	17.0	12.1	130.3	74.0
Total[3]	304.9	342.3	2,731.9	2,956.4
Cottonseed	.1	.3	5.3	26.5
Linseed	7.1	17.2	54.3	53.9
Total cakes and meals[3]	320.0	363.3	2,823.3	3,095.8

[1] Preliminary. [2] Totals computed from unrounded data. [3] Includes peanut and small quantities of other cakes and meals. Bureau of the Census.

U.S. Edible Oils, May Exports

Soybean oil exports in May soared to 202.7 million pounds, second only to the record monthly shipment of 210.3 million exported in June 1970. October-May exports reached 1.16 million pounds—55 percent, or 411,800 pounds, higher than exports through May last year.

Exports to Yugoslavia, at 244.7 million pounds, represented nearly 60 percent of the 8-month increase. Shipments to Pakistan, India, and Iran varied only slightly from a year ago, but larger quantities were taken by Peru, Morocco, Chile, Greece, the Republic of China, and Canada. Exports as commercial sales reached 693 million pounds, an increase of 180

U.S. EXPORTS OF EDIBLE OILS

Item and country of destination	May		October-May	
	1970[1]	1971[1]	1969-70[1]	1970-71[1]
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
Soybean:[2]				
Yugoslavia	0	41.9	(3)	244.7
Pakistan	(3)	32.1	201.9	206.9
India	34.5	41.9	121.2	119.9
Iran	27.3	0	78.7	82.0
Peru	.2	12.9	24.9	70.4
Tunisia	.1	29.0	63.8	70.0
Morocco	.1	1.0	21.2	65.3
Chile	.2	1.6	15.7	42.3
Canada	5.3	6.7	27.7	36.4
Israel	0	3.6	18.3	27.9
Haiti	1.3	3.9	13.4	18.5
Panama	(3)	.7	6.6	14.3
Ecuador	.7	.3	6.9	13.1
Colombia	2.3	2.0	11.1	12.5
Greece	0	0	0	12.1
Dominican Republic	.8	4.9	10.8	11.1
China, Taiwan	0	6.6	0	11.0
United Kingdom	.2	(3)	8.9	9.3
Vietnam, South	0	0	4.4	7.2
Australia	1.5	.5	7.4	6.9
Jamaica	5.0	0	11.3	6.5
Brazil	.4	.7	7.1	5.4
Mauritius	4.4	0	13.1	4.6
Turkey	0	0	6.3	3.8
Guinea	0	0	.1	3.2
Others	8.1	12.4	66.9	54.2
Total[4]	92.4	202.7	747.7	1,159.5
Cottonseed:[2]				
Belgium-Luxembourg	0	0	5.6	.7
France	0	0	(3)	.1
Germany, West	13.2	4.8	33.7	34.4
Italy	0	0	(3)	(3)
Netherlands	7.4	0	33.9	9.4
Total EC[4]	20.6	4.8	73.2	44.5
Venezuela	2.9	.7	38.4	40.4
United Kingdom	0	3.4	70.1	33.5
U.A.R.	19.8	7.2	58.0	28.8
Canada	2.3	1.4	20.7	19.9
Poland	4.6	0	7.5	17.3
Sweden	4.1	3.4	11.9	14.1
Morocco	0	0	7.7	8.8
Mexico	5.4	0	31.8	6.9
Switzerland	0	0	0	4.7
Australia	0	.3	.1	3.1
Iran	0	0	37.7	1.7
Japan	2.2	0	5.3	1.1
Others	.2	.2	33.9	4.3
Total[4]	62.1	21.4	396.3	229.2
Total oils	154.5	224.1	1,144.0	1,388.7

[1] Preliminary. [2] Includes shipments under P.L. 480 as reported by Census. [3] Less than 50,000 lb. [4] Totals computed from unrounded data. Bureau of the Census.

percent from the 247 million exported in the same months a year ago. P. L. 480 shipments, however, declined to an estimated 467 million pounds from 501 million shipped through May 1970.

Cottonseed oil exports, at 21.4 million pounds, were about two-thirds less than in May last year. October-May exports declined to 229.2 million pounds, 42 percent less than in the same months a year ago. Commercial sales were estimated at 219 million pounds and P.L. 480 shipments at 10 million pounds. Principal markets for U.S. cottonseed oil this year have been Venezuela, West Germany, the United Kingdom, the United Arab Republic, Canada, Poland, and Sweden.

Sugar and Tropical Products

Northeast Brazil Plans Coffee Increase

The Governor of the State of Pernambuco in Brazil has requested Federal Government assistance for a major expansion of coffee culture in his State. Under the Governor's proposal the cost of new coffee planting in Pernambuco would be US$12.8 million, with US$2.8 million used for improved care of the existing trees (fertilizer, insecticides), and US$10 million to plant 40 million new trees. While production of coffee has declined in the State, Pernambuco is still the main coffee-producing State in the northeast. Reportedly, coffee producers in the large producing States of Paraná and São Paulo claim that Pernambuco does not have the necessary infrastructure or climatic conditions for coffee and are urging the Brazilian Coffee Institute (IBC) to increase its assistance to the south instead of diverting funds to Pernambuco.

The Federation of Industries presented a report to the Governor of Pernambuco, in mid-March in which it projected that the State has the potential to produce 3 million bags of coffee a year by 1975. This would be a big increase over present production of about 125,000 bags. The northeast now consumes about 2 million bags of coffee annually and produces 400,000 bags.

In a separate action the Brazilian Coffee Institute has announced plans to plant 30 million coffee trees (a 75-percent increase) in the northeast, mainly the States of Bahia, Ceará, and Pernambuco. The plan has been presented to the National Monetary Council.

Belgian Sugar Output Declines

Due to unfavorable weather conditions at planting time and during the growing season, Belgian sugarbeet production was down slightly more than 8 percent in 1970-71. The production of centrifugal sugar, raw value, amounted to only 606,000 metric tons compared with the record 687,000 tons output of 1969-70. The production of refined sugar this year was 545,000 tons, just 5,000 tons below Belgium's EC basic quota. The EC Commission guarantees a price of US$17 per ton of sugarbeets (16 percent sugar content) up to the basic production quota of 550,000 tons of refined sugar.

With increased sugar production in recent years, and with domestic consumption remaining fairly stable, the amount of sugar available for export has increased. In calendar year 1970, refined sugar exports were up 32 percent over the previous year. Belgian refined sugar is noted for its high quality when used for processing purposes. As part of the EC Common Agricultural Policy, sugar exports to third-country destinations continue to be supported by subsidies which are prefinanced by the Belgian Agricultural Fund.

East African Pyrethrum Exports Decline

Reflecting a poor 1969-70 (October-September) harvest, exports of pyrethrum by Kenya and Tanzania fell sharply in 1970. Kenya's exports of dried pyrethrum flowers totaled 3.3 million pounds, down from 4.5 million pounds in 1969. Exports of pyrethrum extract, at only 584,000 pounds compared with the unusually low level of 810,000 in 1969, were the lowest since 1960.

Exports of pyrethrum flowers from Tanzania fell to 600,000 pounds from 854,000 pounds in 1969; and extract shipments were only 190,000 pounds, compared with 378,000 pounds in 1969.

Over three-quarters of the world's pyrethrum is produced by Kenya and Tanzania. The United States is by far the largest single market for pyrethrum.

East African pyrethrum exports are expected to recover in 1971 because of larger crops and strong world demand.

Fruits, Nuts, and Vegetables

Ivory Coast Expands Pineapple Production

Pineapple has been one of the Ivory Coast's most rapidly expanding industries in recent years. Processing almost tripled from 1965 to 1970, totaling 108,600 short tons in 1970. The 1970 canned pack is reported at 2.1 million 45-pound cases of pineapple and 0.5 million cases of juice. Production for fresh use has also grown significantly, with exports reaching 19,200 tons during 1970.

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Foreign Agriculture

The British Cotton Market (Continued from page 4)

the manufacture of knit goods.

Woven textiles supplied 85 percent of the total textile market in 1955, declined to 70 percent in 1968, and are expected to decline further to 57 percent by 1975. Knit goods are moving in the opposite direction: up from 15 to 30 to 43 percent.

The effect of this switch is showing in the yarn intake of British knitting concerns making warp knitted cloth, which rose from 38.5 million pounds in 1966 to 74.6 million in July-June 1969–70. The great bulk of this yarn was from noncellulosic fibers; less than 1 million pounds was cotton. In hosiery and other weft-knitted goods, the yarn intake rose from 198 million pounds in 1966 to 245 million in 1969–70, while the quantity of cotton used fell from 54.5 million pounds to 43.4 million.

Because present high-speed knitting machinery can handle smooth yarn more easily than rougher yarn, the smoothness of continuous-filament man-made yarn is an important consideration. Of course, the end product has different characteristics.

Research on the use of cotton in knitting may eventually solve some of the cotton industry's problems with knits. Such research is being conducted in Manchester, England, by the International Institute for Cotton (of which the United States is a member) and in New Orleans by USDA's Southern Regional Research Laboratory. Also, a process invented by a large Scottish thread firm for treating cotton yarn with liquid ammonia at very low temperatures greatly improves its strength, launderability, and smoothness, at a lower cost than mercerizing.

Marking bales in Colombia to indicate gin, serial number, weight, grade, and mill to which cotton has been allotted.

Effect of cotton textile imports. Probably a major element in the decline of the British cotton textile industry is the heavy flow of cotton textile imports that developed after World War II—mainly from Asian members of the Commonwealth. This import flow has continued despite various voluntary restrictions, bilateral agreements, and—since January 1966—quantitative quotas on imports from all sources except a few developed countries.

The British industry's concern over these huge imports has now led to a new textile import policy, scheduled to go into effect in January 1972. The present system of quantitative but duty-free quotas on imports of cotton manufactures from Commonwealth countries is being replaced by a system with no quotas, but with tariffs of 15 percent on cotton cloth, 6.5 percent on cotton yarn, and 17 percent on most made-up garments. These duties are 85 percent of the full U.K. rates imposed on imports from countries not in the Commonwealth or the European Free Trade Association (textiles still move duty free within EFTA, of which Britain is a founding member).

British textile circles feel that the new tariff arrangement will give domestic cotton textile manufacturers a powerful advantage over textile suppliers outside EFTA.

It might be noted that not much U.S. cotton goes into the cotton textiles imported by the United Kingdom. Textiles from Pakistan and India are made largely of cotton grown by those countries. About a third of the cotton textiles manufactured in Hong Kong are made of U.S. cotton, but hardly any of the textiles from Portugal (principal EFTA exporter).

Curtailment of Britain's cotton textile imports from these countries is not likely to be of direct benefit to American cotton exporters—unless it results (as the British hope it will) in greatly increased U.K. production of cotton textiles. It could also result, however, in higher prices for cotton textiles in Britain, and therefore possibly in some consumption decrease.

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